

Message Text

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ACTION EB-11

INFO OCT-01 AF-10 ARA-16 EUR-25 IO-15 ISO-00 AGR-20 CEA-02

CIAE-00 COME-00 DODE-00 FRB-02 H-03 INR-10 INT-08

L-03 LAB-06 NSAE-00 NSC-10 PA-03 RSC-01 AID-20

CIEP-02 SS-15 STR-08 TAR-02 TRSE-00 USIA-15 PRS-01

SPC-03 OMB-01 OIC-04 EA-11 NEA-10 DRC-01 /239 W

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R 012046Z OCT 73

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 4380

INFO AMEMBASSY ABIDJAN

AMEMBASSY ADDIS ABABA

AMEMBASSY BOGOTA

AMEMBASSY BONN

AMEMBASSY BRASILIA

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AMCONSUL LUANDA

AMCONSUL RIO DE JANEIRO

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E.O. 11652- N/A

TAGS: EGEN

SUBJECT: COFFEE:24TH SESSION INT'L COFFEE COUNCIL

REF: LONDON 10313

SUMMARY: 24TH SESSION INT'L COFFEE COUNCIL HELD IN
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LONDON SEPTEMBER 24TH - 28TH. COUNCIL SESSION

ROUTINE AND QUIET BUT THERE WAS SOME TENSION AND LONG DISCUSSIONS IN EXECUTIVE BOARD, PRIMARILY OVER UNCTAD - REQUESTED INTENSIVE CONSULTATIONS ON COFFEE AND BROOKINGS INSTITUTE STUDY (REFTEL). END SUMMARY

1. COUNCIL MET TWICE DURING FIVE DAY PERIOD AND ITS AGENDA ITEMS LARGELY ROUTINE AND HOUSEKEEPING. THESE REPORTED IN MORE DETAIL BELOW. ONLY ELEMENT OF DRAMA IN MEETING WAS ELECTION OF CHAIRMAN. THIS YEAR PRODUCERS WERE DUE FILL OFFICE, AND BY CUSTOM IT WAS TURN OF AFRICANS. HOWEVER, AFRICANS UNABLE AGREE AMONG THEMSELVES, AND AT LEAST THREE CANDIDATES WERE IN RUNNING - KENYAN, CAMEROONIAN AND ETHIOPIAN (ASNAKE GETACHEW). LATIN AMERICANS REPORTEDLY VETOED GETACHEW). LATIN AMERICANS REPORTEDLY VETOED GETACHEW AND COUNCIL SESSION RECESSED TWICE WHILE PRODUCER WRANGLING CONTINUED. EVENTUALLY COMPROMISE CANDIDATE, ETHIOPIAN MINISTER COMMERCE YIFRU, AGREED AND COUNCIL ABLE COMPLETE ITS BUSINESS.

2. BOARD MEETING, WHICH RAN CONCURRENTLY, MORE TENSE COLOMBIA RETURNED TO FRAY OVER BROOKINGS INSTITUTE STUDY, AND BRAZIL, WHICH HAD PREVIOUSLY OPPOSED, ANNOUNCED ITS SUPPORT, APPARENTLY IN TACTICAL MOVE TO DEMONSTRATE LATIN AMERICAN SOLIDARITY. HOWEVER, STUDY OPPOSED BY AFRICAN PRODUCERS. OAMCAF SAID THAT REAL ISSUE IN DEBATE WAS QUESTION OF WHETHER RENEGOTIATION OFICA WITH ECONOMIC CLAUSES WAS TO BE POSTPONED. BROOKINGS STUDY WHICH WOULD REQUIRE YEAR TO COMPLETE, WAS DEVICE TO DELAY RENEGOTIATION. EUROPEAN CONSUMERS ALSO OPPOSED, WITH UK MOST OUTSPOKEN AND EXPLICIT. SEVERAL CONSUMERS, (GERMANY AND US) RAISED QUESTION OF COST OF STUDY, \$125,000, AND FACT THAT THIS NOT BUDGETED FOR IN CURRENT YEAR'S BUDGET.

3. COLOMBIA IN EFFORT MEET THESE OBJECTIVE OBJECTIONS REVISED TERMS OF REFERENCE TO STATE THAT STUDY SHOULD NOT IMPEDE IN ANY WAY COMPLETION OF NEGOTIATIONS, AND THAT ITS COST SHOULD BE MET BY ADJUSTMENTS IN BUDGET, WITHOUT ANY INCREASE IN CONTRIBUTIONS FOR MEMBERS. LIMITED OFFICIAL USE

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THESE CHANGES DID NOT OVERCOME OPPOSITION. US WHICH STRESSED ITS NEUTRALITY ON ISSUE THROUGHOUT DEBATE, POINTED OUT COLOMBIAN CHANGES HAD THE EFFECT OF REMOVING CENTRAL PURPOSE OF STUDY, FACILITATING RENEGOTIATION. EVENTUALLY UK SAID THAT SINCE COLOMBIANS NOW PROPOSING LONG-TERM STUDY NOT LINKED TO NEGOTIATIONS, NO LONGER ANY URGENCY ABOUT MATTER. HE PROPOSED AND BOARD GRATEFULLY AGREED THAT MATTER BE PLACED ON AGENDA

OF NEXT BOARD.

4. ANOTHER CONTROVERSIAL MATTER WAS UNCTAD INVITATION TO ICO TO HOLD INTENSIVE CONSULTATIONS ON COFFEE, IN ACCORDANCE WITH TDB RESOLUTION OF SEPTEMBER 7TH. LATIN AMERICANS HAD CAUCUSSED AND AGREED ON A HARSHLY, EVEN OFFENSIVELY, WORDED REPLY (DRAFTED BY COLOMBIAN DEL.) REJECTING INVITATION. IN DEBATE THAT FOLLOWED, BRAZIL AND GUATEMALA WERE PRINCIPAL SPOKESMEN FOR LATINS, ARGUING THAT CONSULTATIONS UNNECESSARY SINCE ICO ALREADY COMMITTED TO SCHEDULE FOR RENEGOTIATION OF ICA. ETHIOPIA WITH SOME OBLIQUE SUPPORT FROM BELGIUM, ARGUED FOR ACCEPTING INVITATION, BUT GROUND CUT OUT FROM UNDER THEM WHEN OAMCAF BROKE AFRICAN SOLIDARITY ON ISSUE BY SUPPORTING LATINS ARGUMENTS. OTHER CONSUMERS, LARGELY

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SPC-03 OMB-01 EA-11 NEA-10 OIC-04 DRC-01 (ISO) W

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R 012046Z OCT 73

FM AMEMBASSY LONDON

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INFO AMEMBASSY ABIDJAN

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SILENT ON THIS ISSUE, ALTHOUGH SWEDES REFERRED TO GROUP
B POSITION OF BASIC DISTINCTION BETWEEN CONSULTATIONS
AND NEGOTIATIONS AND US INDICATED OPPOSITION TO SOME OF
THE MORE OFFENSIVE PHRASES IN LATINS' DRAFT. EVENTUALLY
BOARD CHAIRMAN (MUSOKE OF UGANDA) SUMMING UP, SUGGESTED
THAT EXECUTIVE DIRECTOR SEND COURTEOUS LETTER TO UNCTAD
SECRETARY GENERAL STATING THAT ICO ALREADY COMMITTED TO
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SCHEDULE FOR RENEGOTIATIONS, THAT IN ITS COURSE ISSUES
OF MARKET ACCESS AND PRICING POLICY WOULD BE CONSIDERED,
AND THAT THEREFORE ICO UNABLE ACCEPT INVITATION. THIS
AGREED BY BOARD.

5. ONE OTHER ELEMENT OF CONTROVERSY SURFACED IN BOARD.
EL SALVADOR, IN DISCUSSING CONTROL MEASURES OF ORGANI-
ZATION STATED THAT THEY HAD BEEN FALSIFYING EXPORT DATA
FOR SEVERAL YEARS. HE THEN WENT ON TO SAY THAT SINCE
ICO CONTROL SYSTEM HAD DETECTED ONLY SMALL PERCENTAGE
THESE ILLEGAL SHIPMENTS, IT FOLLOWED THAT "CONTROL
SYSTEM WORTHLESS". OTHER PRODUCERS HAD ALSO CHEATED.
ICO STATISTICS CONSEQUENTLY WORTHLESS "LIES" IN THE
WORDS OF EL SALVADOR'S DELEGATE. HE CLAIMED EL SALVADOR
JUSTIFIED IN ILLEGALLY EXPORTING COFFEE. QUOTA THAT IT
HAD BEEN FORCED TO ACCEPT IN 1968 WAS TOO SMALL. ICO
EXECUTIVE DIRECTOR BELTRAO ANSWERED EL SALVADOR BY RE-
MINDING MEMBERS THAT AN INTERNATIONAL COMMODITY
AGREEMENT INVOLVED ETHICAL AS WELL AS POLITICAL OBLI-
GATIONS. HE POINTED OUT THAT ICA STATISTICS LARGELY
CAME FROM MEMBERS - THUS THEIR ACCURACY TO A LARGE
EXTENT DEPENDED ON GOOD FAITH OF MEMBERS. AFTER BELTRAO
STATEMENT, BOARD CHAIRMAN WISELY RULED OUT ANY FURTHER
DEBATE THIS ISSUE. SALVADORIAN CHARGE THAT ICO STATIS-
TICS FALSIFIED FEATURED PROMINENTLY IN NEXT DAY'S
"TIMES".

6. PRODUCERS ALSO MET SEPARATELY DURING COURSE OF
MEETING. REPORTEDLY MOST OF THEM AGREED ON DETAILS OF
COFFEE RETENTION SCHEME, WHICH INVOLVES HOLDING OFF
MARKET AMOUNT EQUAL TO 10PCT OF AVERAGE EXPORTABLE PRO-

DUCTION FOR PAST THREE YEARS, AND AGREED ON ESTABLISHMENT OF EXECUTIVE COMMITTEE TO POLICE SCHEME. CORRIDOR RUMOR ALSO HAS IT THAT PORTUGAL HAS AGREED JOIN COFFEE MARKETING CORPORATION ALLEGEDLY SET UP BY BRAZIL, COLOMBIA AND IVORY COAST.

7. IN CONSUMERS SEPARATE CAUCUS FRENCH TRIED VIGOROUSLY PROMOTE A STUDY BY EXECUTIVE DIRECTOR OF MARKET SHARES UNDER POSSIBLE NEW AGREEMENT. THEY ABLE PERSUADE GERMANY AND OTHER EEC PARTNERS TO SUPPORT THIS INITIATED LIMITED OFFICIAL USE

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TIVE, BUT IN CONSUMER CAUCUS US, WITH SOME SUPPORT FROM CANADA AND SWEDEN, OPPOSED ON GROUNDS THAT IT TACTICALLY UNWISE FOR CONSUMERS TAKE INITIATIVE AT PRESENT TIME, PARTICULARLY OVER ISSUE WHICH POLITICALLY SUPERCHARGED. US SAID THAT WHILE IT UNWILLING CO-SPONSOR SUPPORT PROPOSAL, IT WOULD NOT SEEK BLOCK IN BOARD IF IT CAME FORWARD. IDEA FIZZLED OUT, WHEN EEC MET WITH AFRICAN ASSOCIATES AND WERE TOLD BY LATTER THAT THEY WOULD SUPPORT IDEA ONLY IF IT EXTENDED TO INCLUDE ASSURANCES OF GUARANTEES ON PRICE AND MAINTENANCE OF EARNINGS IN REAL TERMS IN NEW AGREEMENT. SINCE THIS UNACCEPTABLE TO FRG AND UK, EEC CONFINED ITSELF TO VIRTUALLY INCOMPREHENSIBLE STATEMENT BY BELGIUM IN BOARD, WHICH SO INNOCUOUS, BRAZILIANS DID NOT EVEN BOTHER REPLY.

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8. COUNCIL'S ROUTINE DECISIONS AS FOLLOWS -

A. BUDGET ADOPTED WITHOUT CHANGE (MEMBERS CONTRIBUTIONS WILL BE \$702.01 PER VOTE).

B. NEW EXECUTIVE BOARD ELECTED AS FOLLOWS -

IMPORTERS, US, UK, SWEDEN, FRANCE, FRG,

NETHERLANDS, SPAIN AND CANADA -

EXPORTERS, BRAZIL, COLOMBIA, EL SALVADOR,

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GUATEMALA, MEXICO, OAMCAF, KENYA AND UGANDA.

C. COUNCIL OFFICERS ELECTED WERE -

CHAIRMAN - YIFRU

FIRST VICE CHAIRMAN - COSTA RICAN

AMBASSADOR IN LONDON MANUEL ESCALANTE DURAN

SECOND VICE CHAIRMAN -/DN BURNS OF CANADA

THIRD VICE CHAIRMAN - T WESTLUND OF SWEDEN

D. EXECUTIVE BOARD CHAIRMAN - G. BEHRENDT OF THE FRG

E. NEW WORLD COFFEE PROMOTION COMMITTEE ELECTED TO CONTINUE PROCESS OF LIQUIDATING BALANCE IN PROMOTION FUND.

F. UK PROPOSED AND COLOMBIA SUPPORTED PROPOSAL THAT DATE OF NEXT SESSION OF COUNCIL BE CONSIDERED WHEN EXECUTIVE BOARD MEETS IN NOVEMBER.

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